

Congress of the United States
House of Representatives
Washington, D.C. 20515

September 16, 2005

The Honorable Joe Barton
Chairman
House Energy & Commerce Committee
2125 Rayburn HOB
Washington, DC 20515

Dear Chairman Barton:

Next week the Committee had been scheduled to hold its first hearing on California energy issues since the discovery of the “smoking gun” Enron memos in May 2002 that revealed elaborate market manipulation strategies were being used to drive up energy prices in western states. Yesterday, that hearing was postponed indefinitely.

Over the years, we have repeatedly requested that the Committee investigate the rampant corporate malfeasance that occurred in California and other western states in 2000 and 2001. Consumers were robbed billions of dollars. Unfortunately, the Committee has never taken meaningful action. Instead, the Committee developed the recently-enacted Energy Policy Act of 2005, in disregard of the scandalous malfeasance that occurred.

Given our requests, it was surprising to us to see a hearing scheduled that would have apparently glossed over one of the worst episodes of corporate misbehavior and failure of federal and congressional oversight in the nation’s history. The evidence is overwhelming and irrefutable, yet the Committee’s notice for the hearing failed to recognize the significance of what occurred, stating:

California has had intermittent power problems since 2000 and 2001, when high demand and tight supply, high wholesale energy costs and transmission issues caused serious problems, including rolling blackouts.¹

While we appreciate this belated interest in California’s energy markets, the Committee should go back and do the hard work that it never did prior to enactment of the energy bill. We should examine the malfeasance by companies like Enron and Reliant, the failure of FERC to carry out the Federal Power Act in a timely and effective way, the disingenuous statements by the White House and the Department of Energy, and most importantly, the efforts by the Administration to ensure that western families are never adequately compensated for the overcharges they endured.

¹ Committee to Hold Hearing On California Electricity Market, House Energy & Commerce Committee (Aug. 26, 2005) (online at http://energycommerce.house.gov/108/News/08262005_1626.htm).

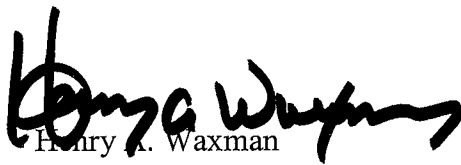
In the event that the Committee returns to this issue, we'd like to recommend comprehensive hearings that will allow the Committee to question market participants under oath. Specifically, Reliant CEO Joel Staff should be brought before the Committee to testify. Mr. Staff recently stated:

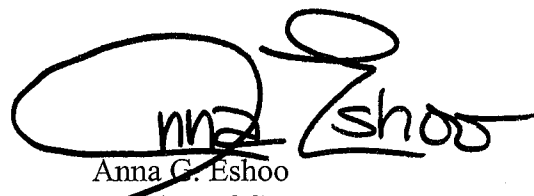
Part of moving forward is responsibly addressing legacy issues such as [those associated with the California energy crisis].... Today, Reliant is a very different company than it was in 2000 and 2001. Our new board of directors and management team are fully committed to delivering the benefits of competitive markets to consumers, while maintaining the highest standards of conduct throughout the organization.²


Presumably, Mr. Staff is referring to Reliant's documented efforts to shut down power plants to drive up consumer prices, while blaming environmental regulations. Receiving testimony from Reliant that explains its past market abuses, repudiates those actions, and discusses how to guarantee ethical behavior in the future could be of great value to the Committee.

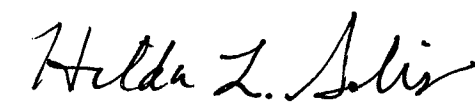
Mr. Chairman, we have been very disappointed in the Committee and its handling of important western energy issues. We hope that the Committee recognizes and investigates the abuses that occurred and works towards bringing justice to western families who to this day continue to bear the economic costs of unchecked corporate greed.

Sincerely,


Henry A. Waxman
Member of Congress


Anna G. Eshoo
Member of Congress


Lois Capps
Member of Congress


Hilda L. Solis
Member of Congress

cc. The Honorable John D. Dingell, Ranking Member
House Energy & Commerce Committee

The Honorable Ralph Hall, Chairman
House Energy & Air Quality Subcommittee

The Honorable Rick Boucher, Ranking Member
House Energy & Air Quality Subcommittee

² Reliant to pay \$460 million in Calif. Settlement, Greenwire (Aug. 15, 2005).